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REVIEWS NORTHWEST SITUATION;  
BEGIN RECLAMATION IN SINKIANG

P'ENG TE-HUAI REPORTS ON NORTHWEST CONDITIONS -- Hua-ch'iao Jih-pao, 17-18 Jan 50

The following report on the military, political, financial, and economic conditions of the Northwest was recently made by P'eng Te-huai, Chairman of the Northwest Military and Political Council, before the fifth session of the Central People's Government Council.

Military

Military successes in the Northwest exceeded the highest expectations. Since 13 July 1949 when our forces occupied Hsi-an in Shensi Province, we were able to liberate all five Northwest provinces within a 6-month period.

The reorganization of the former KMT troops in the Pamir mountain range in Sinkiang into the Twenty-second Army Group of the People's Liberation Army is progressing smoothly. This group is to be made up of the Ninth Army and the 7th and 8th Cavalry Divisions and will be commanded by General T'ao Chih-yueh (Ueda: 12686, 3172, 2559), former KMT general who defected to the Communists with Governor Burhan.

The Sinkiang People's Army which was formed during the KMT regime by dissident groups who opposed imperialism and KMT rule has been reorganized into the Fifth Army of the People's Liberation Army. This army is now cooperating with our First Army Group in carrying out duties throughout Sinkiang.

Before the KMT reactionaries retreated, they carefully organized guerrilla units throughout the area to carry out subversive activities. Although more than 60,000 of these bandits have been captured already, it is estimated that there are still some 10,000 operating in the Northwest. Operations are now being conducted against these guerrillas, and it is expected that they will be completely annihilated by March or April of this year.

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In compliance with the call of Mao Tse-tung for all military personnel to cooperate in the production movement, plans are now being made in the Northwest to mobilize all military personnel to assist in increasing production. In Sinkiang alone, more than 200,000 acres of wasteland will be reclaimed by the military forces in 1953.

#### Political

The provincial people's governments of both Sinkiang and Ningxia have already been set up, and preparations are now being made to establish those of Kansu, Shensi, and Tsinghai. The organization of Hsien and other people's governments below the provincial level has already been completed. The people's governments are being represented by different classes and ethnic groups in accordance with our democratic principles.

#### Economic

Although located away from the coast, the Northwest gives great promise of being developed into the heavy industry center of China. It is well known that the petroleum deposits of the Northwest are the best in the country. A recent geological survey has revealed rich deposits not only of petroleum but also of coal, iron, salt, and other minerals at Tung-kang, Chihai-shan-shan, Hsiang-shan, Wuli, Kien-shih, Ku-chia, and A-shih-shan.

The Northwest of China is more than a million square kilometers and is inhabited by less than 25 million people. Most of this area is, moreover, still undeveloped. By constructing power plants on the Huang Ho, vast wastelands can be cultivated to make this the richest agricultural area of China. In addition, the vast grasslands of the Northwest can be used to develop animal husbandry.

Generally speaking, it might be said that the over-all economic condition of the Northwest is in a very critical state. As a result of the exploitations of the masses by the KMT reactionaries in the past and the disastrous flood of last year, especially in Shensi, the people of this area are now facing extreme difficulties. Of all the provinces of the Northwest, it might be added that the economic condition of Sinkiang is the worst. This was brought about mainly by the severance of trade relationships between Sinkiang and the Soviet Union by the KMT government. To alleviate the present crisis and to reestablish economic stability in the Northwest, it is urgent that Sino-Soviet trade be resumed as soon as possible. Needless to say, trade must be based on the principles of equality and mutual benefits.

#### Financial

Financially, the Northwest is now facing its greatest hardships. Because its economy is based mainly on agricultural production, it is extremely difficult to meet current expenditures. It is estimated that only 25 percent of the total cost of government operations and maintenance of about one million troops now stationed in the area can be handled locally. The deficit of 75 percent must be met by the Central People's government.

#### Sociological

In Sinkiang alone, there are more than ten different ethnic groups. These groups are, for the most part, still adhering to their old feudalistic system, and measures must be gradually instituted to abolish this system. The task, however, will be extremely difficult since their culture, religious beliefs, language, etc., are entirely different from the Chinese, as well as from one another.

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TROOPS START RECLAMATION PROJECTS -- Wen-hai Tse, 6 Jan 50

Ti-hua, 4 January (NCNA) -- One unidentified division of the First Army Group, People's Liberation Army (PLA), commanded by Chang Chung-han (Hela: 3065, 200, 6703), has formulated a plan to reclaim about 758 acres of barren land in Yen-ch'i (Kara Shahr) and Ho-ching along both sides of the K'ai-to Ho.

Commander Chang has already started out to make on-the-spot survey of the Yen-ch'i, K'u-erh-lo (Koria), Wei-li, and Ho-ching areas. He is assisted by about 100 agricultural experts, geologists, engineers, surveyors, and other personnel in the division, army group, and general headquarters.

Before going on with the reclamation projects, Commander Chang negotiated with the Mongolians living in these localities. He explained that the Communist Party and the PLA came into Sinkiang to help various minority groups. They came, he said, to lighten the burden of the people by increasing the income of the governmental treasury. The Mongolians wholeheartedly promised to support these projects which will benefit them and assured Chang that they will give every assistance they can.

The reclamation projects will include the opening and repairing of old irrigation canals during the winter months, and the construction of a new canal, 120 kilometers long and about 20 meters wide, extending from K'ai-to Ho to Kung-ch'ueh for the spring of 1951.

Other projects include the development of coal mines and textile industry in these areas and the fishing industry at Baglan Kol.

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